



## **Office of Internal Audit**

### **Monthly Internal Control Tip**

**Ensure that you have the proper controls in place over cash management processes in your area, agency, or department.**

Your area, agency, or department employs a cash management process if it is responsible for the collection, maintenance, or distribution of cash, checks, or credit. There are numerous risks associated with cash management processes, including but not limited to, theft (misappropriation) and error. Uncontrolled risks within a cash management process are highly likely to occur and may be highly significant depending on the amount of money involved. As a result, it is important to have proper controls in place over the cash management process to prevent or detect misappropriation, error, and other risk events. There are some effective and easy to implement cash controls listed below.

- Ensure that cash is held securely at all times in a safe, lockbox, or cash register.
- Establish controls over keys to the safe, lockbox, or register, such as an issuance log. Only issue keys to authorized personnel.
- Keep cash balances to a minimum; record and check them periodically.
- Use serially numbered receipts to control received cash. These receipts should be prompt, accurate and complete; where possible, receipts should be generated automatically, dated and timed, and numbered.
- Use clearly visible displays to show the customer the amounts being registered; Use restrictions on permissible pricing (e.g. bar codes, price list).
- Ensure mailed checks are opened under controlled conditions.
- All funds received should be posted to the correct customer account or departmental account, counted, and deposited.
- The cash count (beginning and ending) should be performed in the presence of two employees, the cashier and the supervisor. Both should formally document the agreement with the funds counted by way of signature and date.
- Reconcile the amounts received, counted, and deposited. Ensure that these reconciliations are subject to a supervisory review. In all cases, the person performing the initial reconciliation should sign and date the reconciliation upon completion. In cases where a secondary review is performed, both the initial preparer and the secondary approver should sign and date the reconciliation as evidence of completion and approval.
- Ensure that organizational (Metro-wide) as well as departmental (if necessary) policies and procedures for cash management are up to date and available to all staff.

**Brought to you by the Office of Internal Audit**